

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 LAB-04 SIL-01 SAM-01 SAJ-01

PRS-01 USIA-06 /078 W

----- 031406

R 080958Z OCT 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 3524

INFO AMEMBASSY MOSCOW

USMISSION EC BRUSSELS

C O N F I D E N T I A L ROME 14538

E.O. 11652: GDS

TAGS: EIND, EFIN, UR, IT

SUBJECT: NEW ITALIAN LINE OF CREDIT TO THE USSR

REF: ROME 11714

1. AT THE ITALIAN-SOVIET CREDIT NEGOTIATIONS IN MOSCOW IN MID-SEPTEMBER THE GOI GRANTED THE USSR A \$900 MILLION LINE OF CREDIT FOR SOVIET PURCHASES OF ITALIAN PRODUCTS. THE DEPUTY CHIEF MFA OFFICE FOR EAST-WEST ECONOMIC MATTERS (LO IACONO) TOLD EMBOFF THAT THE CREDIT WILL BE FOR EIGHT YEARS AT 7.55 PERCENT INTEREST. (COMMENT: THIS WILL BE THE HIGHEST RATE ITALY HAS EVER RECEIVED FROM THE USSR. THE \$350 MILLION "ANDREOTTI" CREDIT GRANTED IN 1972 WAS AT 5.95 PERCENT AND AN INTERIM CREDIT OF \$256 MILLION WHICH ITALY GRANTED THE USSR IN 1975 WAS FOR 7.375 PERCENT.)

2. THE NEW LINE OF CREDIT WILL BE USED PRIMARILY FOR SOVIET PLANT PURCHASES FROM ITALY UNDER THE TEN-YEAR ITALIAN-SOVIET FRAMEWORK AGREEMENT ON ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION. ACCORDING TO LO IACONO, THE SOVIETS REQUESTED \$1.6 BILLION IN CREDITS AT THE MID-SEPTEMBER TALKS BUT THE
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ITALIAN TREASURY MINISTRY REFUSED TO APPROVE OVER \$900 MILLION

AT THIS TIME. IN VIEW OF THE GROWTH OF ITALIAN-SOVIET TRADE
AND A DIMINUTION OF ITALY'S TRADE DEFICIT WITH THE USSR IN
1975, LO IACONO SAID THAT THE GOI WILL TRY TO SUPPLEMENT THE
\$900 MILLION CREDIT LINE WITH FURTHER CREDIT CONCESSIONS
WHICH THE ITALIANS HOPE TO ANNOUNCE DURING ITALIAN PRESIDENT
LEONE'S VISIT TO THE USSR IN LATE NOVEMBER 1975. (COMMENT:
ITALY'S TRADE WITH THE USSR REACHED \$1.4 BILLION IN 1974
WITH A SURPLUS IN THE SOVIET UNION'S FAVOR OF \$185 MILLION.
PRELIMINARY UNOFFICIAL STATISTICS FOR THE FIRST HALF OF 1975
INDICATE THE TOTAL TRADE MAY REACH \$1.8 BILLION THIS YEAR
WITH SURPLUS IN ITALY'S FAVOR OF ABOUT \$300 MILLION RE-
SULTING FROM THE COMPLETION OF SEVERAL ITALIAN PLANTS IN
THE USSR INITIATED OVER THE PAST THREE YEARS UNDER THE
"ANDREOTTI" CREDIT.) VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, CREDIT, SALES, ECONOMIC AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME14538
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750349-0387
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751070/aaaackcv.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 ROME 11714
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2003 by ShawDG>; APPROVED <17 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW ITALIAN LINE OF CREDIT TO THE USSR
TAGS: EIND, EFIN, UR, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006